PRICE FOUR CENTS.

THE CIPMERS TAKEN IN HAND.

A PROFESSOR SWORN IN AS AN EXPERT. THE DEMOCRATS BEGIN THE PIRST DAY'S WORK BY DIGGING OUT SOME REPUBLICAN TELEGRAMS-THEY THINK THEY HAVE FOUND A BONANZA.

The Potter Committee began its investigation of the cipher telegrams yesterday. Professor Holden, of the Naval Observatory, was sworn in as an expert translate them, and was placed telegraph company about the way the cipher telegrams were collected together, and about what became of those which have disappeared. The Democrats then took up certain dispatches which passed between Mr. Tyner, Mr. Foster and Mr. Chandler, with reference to what seemed to be the corrupt appointment of "two Indian agents." believed that they had found proof of a corrupt bargain for offices. THE TRIBUNE'S special dispatches, however, contain Mr. Tyner's explanation of the absard mistake made by the Committee in reference to the meaning of the telegrams.

THE DEMOCRATS ON A WRONG TRACK. MISJED BY AN EXPRESSION THEY DID NOT UNDER-STAND-WHAT MR. TYNER SAYS.

IET TELEGRAPH TO THE TRIBUNE.] Washington, Jan. 27,-The Potter Committee instead of marching up in front of them in a bold, courageous way. The resolution under which they are acting directs them to inquire in regard to certain dispatches in cipher that have been published, and which indicate that an attempt was made to purchase Returning Board officers.

The Committee, after placing the dispatches Professor Holden for his examination, and swearing him not to divulge the contents of them wather an nunecessary proceeding after the publication patches, apparently not in cipher, that passed the gentlemen had a very clear recollecof the contents of these disputches how up of the date of their transmission, and about the

ly the berwere see of was that they related

Grant was said that he said a liection of these dispatches when President was designed. to return them to Mr. Tyner, He remembeard that one of them was duted at the another at the Post Office in New-York City, that | remains to be seen both were addressed to Mr. Z. Chandler, and that the first one asked him to appoint two officers at \$2,500, and to deposit the amount of their salary. \$5,000) in some bank, so that it could be drawn in Indianapolis. Mr. Grant was sure that

these dispatches were not in cipher.
This was treated as a benanza by the Demogramembers of the committee, and they made the most | papers and asked him to keep them for him. grossest kind. The Postmaster-General of the them to General Brady, Third Assistant Postmaster-United States and the Secretary of the Interior were | General. That was all he knew about them. engaged in a conspiracy to get the salary of two Govrescality equal if not worse, than that shown by | the next witness.

the Democratic ciphers. Mr. Typer will go upon the stand to-morrow or was no improper or corrupt proceeding covered up by them. He will show, in the first place, that the officers of the Western Union Telegraph Company are sadly at fault in their memory of these dispatches; that they were not sent from the points they named: A WITNESS HERE'SES TO ANSWER, AND PRECIPITATES and that the contents of telegrams sent in September, or early in October, 1876, have been confounded with those of others sent just before the November election. Mr. Tyner will admit that he did have some telegraphic correspon

and will be fully explained. "TWO INDIAN AGENTS."

The correspondence with Mr. Z. Chandler was equally innocent, and the following is a brief his-

A short time before the November election in 1876 Mr. Typer was in New-York. In conversation with Mr. Chandler the latter asked if there was any chance of saving the State of Indiana for Haves in the Presidential election. Mr. Tyner replied that it was doubtful; that the Republicans were a good deal disheartened at their October defeat; and that the Democrats would probably carry the State in November. At the same time he thought that if Republican voters could all be got eut they might earry it. The Republicans of the State believed that many Democratic voters slipped over into the State from Kentucky and Illinois in October, and that in November the Democratic vote would fall off. Mr. Chandler asked what would be necessary to secure a full vote. Mr. Typer said that if men could be employed a day or two before the election to go to all the Republican voters in all the counties and urge them to come out and then wagons could be provided to bring out the voters on election day, the full Republican vote would be polled. Mr. Chandler isked how much would be needed for this purpose counties, and that \$100 to a county would be as would enable them to employ ten men in each that sum in the treasury of the National Committee, Mr. Typer to go home, and if the State Committee out in that way to telegraph him.

Just as Mr. Typer was about to leave he remarked that he did not care to be telegraphing Mr. Chandler to send money to the committee. and that they had better agree upon some expression which would be understood between them. Mr. Typer then suggested that "one Indian agent" should mean \$5,000. Both made a memorandum

make the trial, and Mr. Typer telegraphed to Mr. Chandler to appoint two Indian agents. Mr. Chandler replied that two Indian agents had been appointed. Then arose the question of the transmission of the money to Indianapolis, and Mr. Tyner and a member of the committee went to a bank in Indianapolis to arrange for drawing upon Mr. Chandler for \$10,000. The officers of the bank hesitated, fearing that the draft might not be honored when it was presented to Mr. Chandand it was finally concluded that the latter should be asked to deposit under a pledge not to reveal the the money in a New-York bank subject to the draft telegrams or the result of his work. The of the Indianapolis bank, Mr. Tyner, therefore, Committee examined some employes of th telegraphed to Mr. Chandler to deposit the salary of two Indian agents in the Hanover Bank, and Mr. Chandler replied that he had deposited the

salary of two Indian agents, as requested. These were the dispatches that the witness remembered to-day, but they were mistaken in thinking that either of them was sent from Philadelphia or the post office in New-York.

"But," said a friend to Mr. Typer this evening, 'the Democrats will dwell upon the fact that you withdrew the dispatches from the files of the Telegraph Company and destroyed them, and insist that is proof that there was something suspicious or irregular about them." Mr. Tyner replied that he should meet that point.

About the day Congress met in 1876, and before my subpoents were issued, he called upon Mr. Orton at his rooms in Willard's Hotel in this city. The call was a social one, and he did not have his dispatches in his mind at the time. Mr. Orton seemed to be troubled at the prospect of having the files of the Western Union Telegraph Company overhauled, and talked a great deal about it. attacked the cipher dispatches from the rear to-day, He said that some law ought to be passed that would prevent even courts or committees of Congress from meddling with telegraphic dispatches. Finally he remarked that if Congress had not met for two or three months the whole trouble would have been avoided, as all the dispatches would have been destroyed in the regular order of business. which General Butler has furnished in the hands of Mr. Tyner says that he then thought of his dis patches for the first time, and remarked that after the original dispatches had been destroyed, some operator who had seen them of THE THRUNE cipher pamphlet), called might place a very unfair construction on them, several officers of the Western Union and that the writer would be anable to vinmight place a very unfair construction on them, Telegraph Company, and spent the most of the day dicate himself by calling for the document trying to find out something about some disments themselves. Mr. Orton said that was true, and asked Mr. Typer if he had sent between First Assistant Postmaster energial Typer and General J. W. Foster, of Indiana, now Minister to Mexico, and ex-Secretary Chandler, then chairman of the Republicar National Committee, before the election. None of particles and asked Mr. Typer if he had sent any that were in danger of being misunderstood and offered to get them for him if he had. Mr. Typer then gave Mr. Orton a memorandum of the dispatches in regard to which testimeny was taken to-day, and subsequently received the original dispatches. Those he has preserved and will produce before the committee.

patches. Those he has prese ved and the before the committee.

An examination of these dispatches will show how unjust to him it would have been to allow the testimony of the telegraph officials to go out if he had not been able to need it with the right of his patches and how dangeror, it has all of the contents of a paper from memory more bunty year for he has seen it. The left and the patches are the cop the real dapating on the sewhere with the right of the content of the conte

The committee struck a vein . te-Pennsylvania Railroad Depot in Philadelphia, and that may possibly lead to semething, although the

Mr. Evans, a Republical member of Congress in a clumsily-wrapped newspaper package and from Indiana, was called to the stand and asked in handed it to the charman, upon whom all eyes regard to his acquaintance with Mr. George E. Bul- were immediately turned. Blushingly he rose to lock, now United States Consul at Cologne, but formerly messenger for Senator Morton's Committee. He said that the night before Bullock started for Eur e he brought him a bundle of of it. The Republicans insisted that it was not at said that they had been kicked about the all in the line of the investigation ordered by the House, but the Democrats were not to be taken care of as they might sometime turned aside from the scent upon which they had prove valuable. Mr. Evans never examined the struck. Here was evidence of corruption of the papers, and as he had no place to keep them he gave

Mr. Potter then began to question him about his ernment officers for campaign purposes, and the one of them was so much afraid of the discovery Evans's surprise, produced a copy of one of of the transaction that he collected to-gether all his dispatches and destroyed them. Bullock's letters to Evans, in which the bundle was mentioned. Mr. Potter said Here, too, was a confirmation of what the Dom- he had received it by mail and had orats have always said—that all the Republican no idea who sent it to him. General Brady will be examined in the morning, and Mr. W. E. Chandler could be obtained they would d sclose Republican has been informed by the committee that he will be

It ought to be noted that the testimony taken by the committee to-day shows that Mr. Orten never next day and explain all of these transactions in destroyed any of the cipher telegrams. They resuch a way as to satisfy even Democrats that there | mained in the trank in which they were sent from Washington until after Mi. Orton's death last year, and they were destroyed by the present offi-cets of the Western Union Company after the Potter investigation was ordere

THE PIRST DAY A LIVELY ONE.

A SHARP DEBATE-THE DEMOCRATS DECLARE THAT THE REPUBLICAN RECORD IS TO BE THOR-

OUGHLY LOOKED INTO. Washington, Jan. 27.-The Potter Committee began the investigation of the "cipher telegrams" dence with General John W. Foster be- to-day. The first witness called was Mr. Clarence fore the October election in 1876, in re- Carey, attorney of the Western Union Telegraph gard to funds for campaign purposes in Companys at New-York City. He testified Indiana, but will deny that any appointments in that certain telegrams were placed in his the interior or any other department were men- charge, the purposa being to avoid if

charge, the purpose being to avoid if possible their delivery for public inspection. It was thought that a subpana would not be issued to him, owing to his position. The instructions with regard to picking out the dispatches were, he said, to take all that were of a political character, the collection when first made being for the sole purpose of getting them out of the way of a subpana. He afterward turned them over to Captain Whitney, at Washington.

Mr. Floyd Grant, who supervised the selection of he telegrams, was the next witness. He explained that he came to Washington, and in tioned in any of these dispatches. Tors correspond- possible their delivery for public inspection. ence took place in September or early in October, It was thought that a subpassa would not

plained that he came to Washington, and in order to comply with certain subpanas issued upon Captain Whitney, he opened the trunk which contained the dispatches collected by him in New-York, and selected therefrom those called for by the subporna of the Morrison Committee; the others were replaced in the trunk.

By the Chairman-What was the number remaining? By the Chairman—What was the namoer relations bid you keep any schedule of them!

Witness—The number, exclusive of those required by the Morrison Committee, was 29,275. The relegrants were about evenly divided as regards party. A number were sent by Z. handler from the Fifth Avenue Hotel. There were some signed Havemeyer, some Hooper and others Noyes. Of the 25,000 telegrams, some 390 of them were

Captain Leonard Whitney, manager of the Western Union Telegraph Company in Washington, was then sworn. He produced a schedule showing over 300 telegrams delivered to the Morrison Committee. Mr. Typer said that there were between 90 and 100 | Other schedules were produced showing that various telegrams which he was called upon to submit were small a sum as they could get along with. That | delivered to the Senate Committee on Privileges and Elections. When returned to Captain Whitcounty one day at \$5, and leave \$50 to each county | ney, the telegrams were in the trunk heretofore for wagons on election day. Mr. Chaudler said mentioned. The trunk was ordered to Newhe could promise \$5,000, because he had about York, and that was the last he knew of it. It was sent to Mr. Hunter, the supply agent. Genand he might possibly raise \$5,000 more. He told | eral Butler interrogated the witness with a view to ascertaining whether all the telegrams were rewas of the opinion that the vote could be gotten turned to him. Witness, however, never heard of any of them being missing.

any of them being missing.

To Mr. Hunton—When the trunk was returned to me the schedules previously prepared were not verified by the contents of the trunk, it being immediately shipped to New-York as per order of President Orion. Mr. Van Horne gave me a verbal order in my office to collect all political telegrams from the files and forward them to New-York. No conversation as to the cause of this ministral procedure occurred between me and Mr. Van Horne. however.

Mr. Hiscocki (inaghing(y)—No one on this side entertains the idea that the trunk was rifled by the Morrison Committee, Mr. Chairmon.

of this.

Mr. Typer went to Indianapolis. After consulting with the State Committee it was concluded to the State Committee. When the State Committee it was concluded to the State Committee. When not in the possession of the Morrison Committee. When

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it comes to the point you will find the laugh will be hearer home.

Mr. Reed (sarcastically)—All right; go ahead; we await the result in fear and trembling.

EXPERT SWORN-BURNING THE TRUNK. Professor Edward S. Holden, of the Naval Observatory, was then sworn to translate without divulging in any way the "cipher telegrams" which were handed the committee by General

Mr. James O. Green, a son of Dr. Green, of the New-York Western Union Telegraph Office, was then sworn, and teitified to having burned the entire contents of the trunk, containing the telegrams as received from Washington, in the large furnace in the cellar of the Western Union building. He was positive of the destruction of everything the trunk contained. He knew of some telegraphic correspondence being collected prior to the issue of the subpænas, which had occurred between James M. Tyner and John W. Foster, the latter of Indianapolis. At the request of President Orton the witness sent the telegrams in question either addressed to Mr. Orton in care of Captain Whitney, or to Captain Whitney at Washington. The witness said the messages referred to political matters, and the impression formed by the witness was that they referred to the sale of some political office. He stated, however, that this was possibly incorrect, as the air at that time was filled with political excitement, and the fact of Judge Tyner's holding an influential Government office might have had the effect of leading him to assume that such was the fact. He had no direct information that the conclusion arrived at by him was a true

By the Chairman—Did you have any idea what posi-tion the telegrams referred to!

A—No, sir; none whatever.
By Mr. Hiscock—They did not refer to the Presidential contest, did they!

Witness—In my opinion, not by any means.
Mr. McMahon—On, no; that was sdid later.

Mr. Grant was recalled and said he thought he could identify any of the telegrams which were sent to Washington. Mr. Butler suggested that Mr. Grant be accompanied by some member of the committee when he went to examine the telegrams which were now in the hands of Mr. Holden.

Representative Evans, of Indiana, was examined, He said he had received a package of telegrams from Mr. Bullock, Assistant Clerk of the Senate Committee on Privileges and Elections, and handed the same to General Brady, of the Post Office Department. He denied giving Wm. E. Chandler the package, and said he did not know Wm. E. Chandler personally.

A recess was taken until 3 p. m. GRANT RECALLED.

After the recess, Mr. Grant was recalled. He testified as follows:

At the order of Mr. Cary, he made another search for he dispatches between Typer and Chandler and house. the order of Mr. Cary, he made another search for dispatches between Typer and Chandler, and burned so of them. There were seven or cight altogether; was a telegram from Typer about making two apartments in the Interior Department at salaries of 600 cight, and asking Mr. Chandler to do this and c the money deposited in some Nationalbank so that the control of the control of the money deposited in some Nationalbank so that the control of the control of

M: McMus -Y ; they discoursed to for promoeneral Po r-Oh! He does not pay money, he re-

At this point the clerk of the committee arought

explain:

Mr. Potter-Gentlemen, I ordered from Mrs. Whatsher-name, in the lobby, twelve conics of The Thibune
special about the cipher dispatches, but it seems there
has been some mistake, and she has sent twelve packnges or molasses canny. Hanghter.!

Mr. Reed-Either is sweet enough for this commit-

further details were given by him of telegrams which passed between Messrs. Chandler and Tyner. He also testified with regard to a telegram from Foster relating to the same matter. ON THE TRACK OF CHANDLER.

Mr. Green, at this point, explained that he had forgotten one circumstance in connection with these telegrams. The number was incomplete, and at the suggestion of Grant, the manager at Indianapolis was notified to send on the rest.

onfound the name of Zach. Chandler with sandler, do you! [Laughter.] No. sir.

Mr. Green-No. Sir. General Butter (to Grant)—I want to understand emething more about this. Typer telegraphed to handler, Secretary of the Interior, to appoint somebody in his department? A.—Yes, sir. Two appointments of

in this room.

A WITNESS OBJECTS TO ANSWERING. Mr. Cary being recalled said he would like to make a statement that he knew nothing of any consequence with regard to these telegrams, and to make an objection that what he did know was priv-

ileged knowledge, that came to him as attorney for Western Union Telegraph Company. Mr. Butler-Answer this question and then make an It has been testified by Mr. Grant that he received

Mr. Reed-Mr. Chairman, I contend that Mr. Hiscock has acted very badly in spoiling our whole day's work Mr. Reed-Mr. Charlman, I concent that Mr. Reed-Mr. Charlman, I concent that the has noted very basily in spoiling our whole day's work in this way. It spoils our whole day.

Mr. Hiscock.—The point I wish to make is that the particular branch of inanity which he is now pursuing is outside of the resolution which we passed the other

day.
Mr. McMahon-This committee, having been ap Mr. McMahon-link committee, having been ap-pointed for the purpose of investigating these specific matters, and it having been shown that the parties having charge of these dispatches who have been subpended—or rather that the President of the institution through which these dispatches have been sent, has selected a certain class of cipher dis-patches—the class which will best assist his own politi-cal party—have a right to bring those other dispatches before this committee.

cal party—have a right to bring those other dispatches before this committee.

Mr. Hiscork—My idea is that the purpose of the resolution was to enable us to clear up di patches that we know about, not to prove the destruction of others.

Mr. McMahon—It was to clear up the whole subject of cipher dispatches, no matter by whom sent.

Mr. Buller—If it is to be done at all, it is to be done well; that is my idea.

Mr. McMahon—Just so; I have no wish to have it done

Mr. Reed-But then we have only six weeks to do it

Mr. Biscock—The resolution that has been passed has elerence to certain dispatches for the purpose of inamount elections, and we have now spent the whole of with dispatches referring to appendments of differers. I am quite willing to do that; I do not object but still it is well to do what we have undertaken Mr. McMahon-My objection to the question now put

you wish him to contradict that testimony.

Mr. Hiscock—I shall be extremely gratified when we have established the fact that we are being governed by rules of evidence in this investigation.

Mr. Reed—I don't think we ought to dispute the quality of the testimony before the committee after the experience we have had.

THE DEMOCRATS AVOW THEMSELVES. Mr. Springer read the resolution passed in the House with regard to cipher dispatches, particularly pointing out the clause, " and investigate into other matters connected with such election."

Mr. Hiscock contended that the resolution referred to the dispatches that had been published. Mr. McMahon-I do not agree with Mr. Springer that See Fifth Page.

GOVERNMENTAL AFFAIRS.

MR. HILL OUTLINES A NEW POLICY. DEGIA OPPOSITION TO WAR CLAIMS-THE RISING

IMPORTANCE OF ALASKA-GENERAL NEWS. In the Senate yesterday a war claim was fought by Senator Hill, who opposed it be cause it was a war claim. He took occasion to outline a new policy for the Democrats, one feature of which was opposition to war claims. It is said that the gold of Alaska is about to bring on a large emigration thither. A Treasury circular has been issued to bondholders.

NEW FOES TO WAR CLAIMS. TWO SOUTHERN SENATORS MAKE SPEECHES AGAINST THEM-AN INDIGNANT KENTUCKIAN. IBY TELEGRAPH TO THE TERBUNE.

WASHINGTON, Jan. 27 .- Senator Hill delivered a telling blow against Southern claims to-day. The bill to pay Warren M tchell, of Kentucky, \$128,000 for cotton seized by the United States Government during Sherman's march to the sea, which came over from last Friday's business, was called up. Senator McCreery made a speech in favor of his

Mr. Hill then arose and said he was against the claim, but not because there were no precedents for for there were plenty of them. In one case claimant had been paid \$500,000 for cotton taken differences of opinion as to the management of the by the Government. His objection was based upon the high ground that the bulk of the people of the the course of the present officers, and essouth, who had suffered extremely by the war, had pechally to their policy of rapid increase of membership. the high ground that the bulk of the people of the the not made application for compensation for their losses, and never would. These unfortunate people would have to be taxed to pay claimants who should come to Washington and be able to push claims through Congress. Mr. Hill read the Republican side of the house a severe lecture on its recent lapse into virtue. "There was a time," he said "when you paid these claims." He said he was against the payment of all war claims, but not because the claimants were or had been disloyal. He thought the right definition of loyalty had not yet been given. A Northern man might easily enough be loval, for no temptation to be otherwise had come in his way, but further South, where the sun was warm, there had been a different condition of things. A man who lived in the South, to have the sort of loyalty which was popular in the North, must believe that the people of one section of this country should be the conquerors of the people of the other. If this were loyalty, then he was not loyal, and he thought such loyalty would be a calamity to the whole country.

Mr. Hill related an incident to illustrate the extreme destitution of the people of the South after the war. It was the story of a refined woman whose husband had been killed in battle, and whose home had been destroyed by Sherman's men during the famous march to the sea. Potatoes and eggs, roasted in the ashes for want of a cooking utensil, were all he said, o tax this poor, destitute woman, who,

he said, o tax this poor, destitute woman, who, throng, o', alt of her own, was rendered a pauper, to pa' he claim of the gentleman from Kentucky 7...o., sir; I will not do it. And this," he added, "at the sentiment all over the South."

Mr. Hi! concluded by saying that there were four things witch the Democratic party ought to proclaim; First, not to pay war losses, toyal or disloyal, except in exceptional cases, as in the cases of religious and educational houses; second, not to vote any more public money to build un mammoth monopolies; third, to pay the public debt in good faith; and fourth, to restore Constitutional rights to the people of the country and to practise economy to the people of the country and to practise economy in the public expenditures.

Mr. Morgan, of Alabama, followed in the same

This attitude of the Cotton-Belt Democracy was Mr. Hiscock-It is very evident she appreciated what to wanted or needed. [Laughter.] The examination of Grant was then renewed, and writher details were given by him of telegrams which passed between Messrs. Chandler and Truer.

ALASKA ATTRACTING ATTENTION.

GOLD DISCOVERED THERE-EMIGRATION EXPECTED IN THE SPRING-A-REVENUE STEAMER NEEDED. [BY TELEGRAPH TO THE TRIBUNE.]
WASHINGTON, Jan. 27.—Major Win. Gonvernour

Morris, special agent of the Treasury Department, has been called to this city from San Francisco to superintend the publication of his report on Alaska. The Chairman—You stated that you had forgotten ames until you heard the last witness mention them.

ning to be appreciated on the Pacific Coast, and that there will be a large emigration thither next Spring, attracted by the promise of rich discoveries of gold. Just before Major Morris left San Francisco he saw at the Mint 800 ounces of placer gold, School each.

Q.—For those appointments a certain sum of money would be paid, and Tyner wished to have such sum deposited in the bank so it could be grawn in Indiana.

A.—I said that exactiv.

Mr. Reed—Deposited by whom in the bank I A.—Chandler. He was to deposit the moner and make the appointments too, probably the same day or the day after Chandler telegraphed that be had deposited money as requested.

Q.—When did you first mention this I A.—Right here in this recom.

Which had been recently received from that country, one nugget of which was worth about \$250. He says a quartz mill has been built at Sitka, but the enterprise has not proved a success so far on account of bad management of the mine, though some of the ore yields \$25 a ton. The water-power at that point, he says, is sufficient to drive 400 stamps.

A bill has been introduced into Congress by Senting the provided from that country.

ator Mitchell, of Oregon, to appropriate money sufficient to build or buy a revenue steamer for service in Alaskan waters; and Major Morris says that a provision of this kind is necessary to protect the interests of the Government in that quarter. There is now no Government vessel on the coast which can carry more than enough coal to take her to Sitka and back; and as no coaling station exists there, it is impracticable to do anything to prevent infraction of the revenue laws, or repress any outbreak that may occur. He says that there is already a dispute respecting the boundary between Alaska and British Columbia at the Stikine River. As this is the gateway to an important mining re-

As this is the gateway to an important mining region in British American which can only be reached by passing over American territory, it is of moment to the commercial interests of the British Columbians to secure an outlet for their trade as near the coast as practicable.

The cheef industry developed thus far on the mair and in Alaska, he says, is the canning of salmon, there being now two establishments employing 150 men cach. About 336,000 pounds of canned salmon were shipped to San Francisco the past season.

CURRENT TOPICS AT THE CAPITAL. OF INTEREST TO BONDOWNERS.

Washington, Monday, Jan. 27, 1879. The Secretary of the Treasury has issued a irentar to holders of United States 6 Sper cent 5-20 bonds, in which, after calling attention to the act of

circular to doders or throat steartion to the act of Congress, just approved, entitled "An acti to facilitate the refunding of the Nantional debt." he says:

Under the provisions of this act the Department will exchange the 4 per cent consols of the United States for an equal amount of any outstanding and uncalled 6 per secut 5-20 bonds of the United States. In addition, the Department will pay to the holder of the 6 per cent bonds the interest accrued, and additional interest for a period of three months. Also, a commission, the same as for the sale of bonds under the circular of January 1, 1879, to wit; on an augmented of \$100,000, and not exceeding \$1,000,000, between January 2, 1879, and June 30, 1879, 3 of 1 per cent; on an augmented exceeding \$1,000,000, and not exceeding \$1,000,000, between the same dates, 1 of 1 per cent; and so amounts in excess of \$10,000,000, an additional commission of 1; of one per cent on the excess, and will transmit the bonds to the person entitled thereto free of expense. The accrued interest on the 4 per cents will be characted to date of the exchange.

Bonds sent under this circular should be addressed to

Bonds sent under this circular should be addressed to the Secretary of the Treasury, Washington, D. C., marked, "Loan Division-for exchange," and 4 per cent bonds, with a draft for the interest and commissions, will be sent promptly in return. This direct exchange is intended to promote the rapid refunding of the public debt, and to give to holders of bonds every facility that is granted under existing laws in the pay ment of called bonds. Bonds called on, or prior to, the date of exchange, will not be received under this circu

NO TIME FOR A CUSTER INVESTIGATION. The attempt to have an investigation into the Custer massacre ordered by the House will not probably succeed. Last session Delegate Corlett introduced a resolution instructing the Military Committee to make the inquiry. The scope of the resolution would have made the inprogress at Chicago. This resolution was referred to the Military Committee, and that committee between the back severed energy of considerable size and the man will probably die of internal behaviore made his compa

has decided that the investigation ought to be made. The trouble is that there is so hitle time left of the session that the committee will scarcely enter upon the

WASHINGTON NOTES.

Washington, Monday, Jan. 27, 1879.

The subscriptions to the 4 per cent ionn since Satur day's report have amounted to \$5,128,950. Minister Seward has been requested to reply to the

subperm duces focum at the next meeting of the Investigating Committee.

THE QUARREL IN TAMMANY.

ARGUMENTS OVER THE NEW MEMBERS. A FLOOD OF AFFIDAVITS FROM BOTH SIDES-DEFIN-ING THE POWER TO INITIATE NEW MEMBERS-THE ARGUMENT TO BE CONTINUED THIS MORN-

The suit brought by Hubert O. Thompson to prevent the initiation of the 147 persons elected De-cember 31 as members of the Tammany Society, and to neclare their election void, came yesterday before Judge Barrett in Supreme Court, Chambers, on a motion to continue the injunction against their initiation. The complaint and affidavit on which the original injunction was issued relate at length the acts under which the Tammany Society has been organized beginning with that of April 9, 1805, and ending with the Act of April 23, 1867. The complaint gives the con-stitution of the society, and its rule for a regular meeting on the first Monday of each month. It states that the uniform custom for some time has been to call special meetings by advertisement in The Star and The Express; en had come under his direct observation, a that the plaintif relied on this practice; that there were society, in which plaintiff and others were opposed to and that they resolved to attend the meetings, and in a lawful way secure the election of other officers next April. The complaint then alleges that the meeting of December 31 was held at an unusual time, without notice to a majority of the members, without publication in the usual papers, and without any publication of notice in any daily paper. A regular meeting was appointed for January 6, 1879, six days later. The plaintiff says specially to the secretary for notice of any such meet-

> In his appended affidavit, Mr. Thompson declares that since his complaint was sworn to be has been shown a weekly paper designated as The New-York Mercantile Journal and Merchants' and Manufacturers' and Bankers' Ledger, of December 28, 1878, containing the call. He says the paper is one not generally known, and he was not aware before even of its existence though, familliar with newspapers, and that he believes he publication of the call there was part of a plan to conceal

Edward McGuirk and John Y. Savage made affidavits supporting the plaintiff in regard to the position of the newspaper. Douglas Taylor states that the former custom of the society was to elect new members only at regular meetings. Notice of all meetings was given in The Star and The Express. Casper C. Cands, Charles B. rimon made the most opposition to it, on the ground Cornell and thirteen other members of the society con- that there was no precedent for such action and

Nelson J. Waterbury says the orderly election of 147 members according to the usual forms would have eccupied from 7:30 p. m. to 3 a. m. of the next day, and been elected in any one year; He added in a supplemajority of the members of the society, disapprove of

west section 4 of Chapter 3. "And be it further enacted, not it shall be the duty of the secretary to give public Section 4 of Chapter 3. Across a force and the Section 4 of Chapter 3. That it shall be the duty of the secretary to give public notice in one or more of the newspapers printed in this city of the annual, stated, special and extraordinary meetings of this society at least two days previous to the time of such meetings, and which notice shall be worded and dated in the following oranger, unless otherwise rendered necessary and advantageous by chromataners that may occur.

He adds that on notice of a special meeting from the Grand Sachem he selected of his own accord, as was his

He adds that on notice of a special meeting from the Grand Sachem he sejected of his own accord, as was his right, the paper in which it should be published. That it has not been the uniform rule to publish in two particular papers, though it has been usually done. He has caused on some occasions the notices to be put in The Sanday Times. He demes any promise to the planning of any special information as to meetings. He says the attendance at the meeting of December 31 was over thirty and about an average meeting. On February 14, 1876, at a not larger meeting, 136 new members, including planning were elected. As a rule, the built of the new members were elected at one meeting. In 1872, 180 new members were elected, 110 at one meeting. In 1875, 228 new members were elected, 110 at one meeting. In 1876, 150 new members were elected, 110 at a single meeting. In 1876, 150 new members were elected, 182 at one meeting. The members elected December 31, 1878, had been proposed at previous meeting, the larger particular approved at the regular meeting January 6, 1879, at which there was a large attendance, including the planning. He adds that there are about 5,000 persons on the toils of the society, of whom about 1,000 are living and members of the society, of whom about 1,000 are living and members of the society, which alone where perion have no healthy political status of bodien in any political status of bodien in any political scale party. "

Mr. Allison, in behalf of the planning, argued that the was no answer to the complaint. The policy of this kind vequired that all the members of a society of this kind.

Mr. Alison, in behalf of the plantille, argued that this is no answer to the complaint. The policy of the law mired that all the members of a society of this kind until have their rights preserved. The by-laws, as sy understood them, preserved the right of each nemical vote on his future associares. But if they did not so in words, a long rourse of practice was in itself a shaw, and could not be violated to the deception of the

by-haw, and could not be violated to the deception of the members.

Judge Barrett said he was clear that the wording of a by-law could not protect an act which was in fact a frand on the maniters.

John D. Townsend argued at length, in answer, that in the absence of bad faith no frand could be imputed to those who had noted in accordance with the by-law. The answer of the defendants denied every imputation of had faith, and showed that the action of the defendants was in barmony with the practice of the society, and was in perfect good faith. But before tracking that point he raised the question that the plaintiff could not bring the suit. A single member could not sue to restrain the action of a corporation. Again, if he could maintain the suit the other members of the society were necessary parties to its determination and must be brought in. The plaintiff did not show that any civil right or pecuniary interest of his was imperitled. But was a necessary element to such a suit; and the society having full nower over the admission of its members, such an injunction should not be granted.

The further argument was adjourned to this morning.

UNWORTHY CUSTODIANS OF TRUST FUNDS. CINCINSAII, Jan. 27 .- J. H. Dickman, treasurer of St. Authory's Church (Catholic), is a defaulter to the amount of \$6,000, and Jacob Renneker, treasurer of the German Catholic Cemetery Association, to the amount of \$1,200.

CRIMES AND CASUALTIES-BY TELEGRAPH.

FITSTON, Pean., Jun. 27.—John Tierney, of this place, was ran over by a freight train on the Lenigh Valley Italiread, this afternoon, and instantly killed.

barge.

ANOTHER CHANCE FOR LIFE.

INDIANAPOLIS, Jan. 27.—The Supreme Court has granted a new trial to Louis Goetig, the murderer of Mary McGlew, who was to have been hanged on the 19th mat, with Achey and Merrics.

A SWINDLER'S CAREER CHECKED.

A SWINDLER'S CAREER CHECKED.

BOSTON, Jan. 27.—Pr. Charles L. Williams, of
Washington, D.C. has been arrested here for passing a forged
draft for \$25 on the Sunbig Bank in this city. He is said to
have made quite a business of swindling hotel proprietors in
small places in the South and West.

A BOY MADE BLIND.

OTTAWA, Jan. 27.—A boy named Hinton, employed in a drug store, made up a prescription in which there were quick-silver and nitric acid. In shaking the mixture an explosion occurred, breaking the bottlie and destroying the sight of the boy's eyes.

sight of the boy's eyes.

MUPDER FOR TEN CENTS.

CINCINNAII, Jan. 27.—A special dispatch from Lonisville says David Anderson (colored) and James Meete (white) quarreled, while throwing disc, about the ownership of a oline, the begro bushly snatching it and running off. Mosre pursued, and overtaking him, cut bins, inflating a second by the decay of the discharge of the ribs, and acontrol of the property of the color of

NEW-YORK CUSTOM HOUSE.

THE LETTERS OF SHERMAN AND ARTHUR. SENATOR CONKLING MAKES AN ADVERSE REPORT

IN THE SENATE-THE CORRESPONDENCE GIVEN TO THE PUBLIC. The Committee on Commerce reported to the United States Senate yesterday in favor of rejecting the nominations of General Merritt and Mr. Burt. Mr. Conkling suggested that the injunction of secrecy be removed from the letters of Secretary Sherman and General Arthur. This was agreed to. The letters are printed below, as also the letter of

Mr. Cornell. During the proceedings Mr.

Thurman said that he was inclined to vote to

confirm the nominations, but he thought the

Committee should have made an investigation. - THE EXECUTIVE SESSION.

SOME RESISTANCE TO ALLOWING THE LETTERS TO GO OUT TO THE PUBLIC-THE PUBLICATION FINALLY PERMITTED-THURMAN'S SIGNIFICANT

INV TELEGRAPH TO THE TRIBUNE!

WASHINGTON, Jan. 27 .- Senator Conkling is desirous of securing definite action by the Senate upon the New-York Custom House nominations at the earliest possible moment. Shortly after 3 o'clock this afternoon he moved an executive session, and as soon as the doors were closed reported from the Commerce Committee the nominations of General Merritt and Mr. Burt, with the recommendation that they be not confirmed.

A letter from Secretary Sherman, addressed to the President of the Senate, was presented and read, and on motion of Mr. Coukling laid aside temporarily. After remarking in this letter that he learned from the newspapers that General Arthur and Mr. Cornell and sent to the Committee replies to his former communication to the Senate, the Secretary said that he had last Friday addressed a note to Mr. Conkling asking that he be furnished with a copy of these communications, and that he also be given an opportunity to answer them. To this note he said he had received no reply, and he now asked the Senate that the Committee be instructed to comply with his request.

The letters of General Arthur and Mr. Cornell were then laid before the Senate by Mr. Coulding (the letter of Secretary Sherman having been read at length at a former session), and were read, occupying nearly the whole time of the ses sion. The substance of both of these letters has al ready been published.

When the reading was completed, Mr. +2 : 1 moved that the injunction of secrecy be removed from all of this correspondence. This gave rise to considerable debate. Senators Edwards and Merthat it was dangerous to establish one. To thesi was repired that all the opport, points of correspondence had alread the a pr newspapers, so that the reof secreey would be more to sel tion was carried, only alout harf a down Senators

voting in the negative. Mr. Conkling gave . . re that he should ask the Senate to take up the report of the Committee at the earliest practicable moment and vote upon it. Mr. Thurman made rather a significant speech

during the session. He said that the Committee on Commerce had made no investigation such as was called for by the letter of Secretary Sherman, and that the Senate had a right to ask the committee to do so. He was disposed, on the face of the case, to support the President, but if the Secretary's assertions were not sustained, then be might vote the other way. The Committee ought to make an inquiry into these matters and report the result of it to the Senate.

If this is the position to be taken by the Democrats it will probably delay final action on the nominations several days. An effort will be made at the next executive session to open the doors when the Senate comes to discuss these appointments on their merits, and have the debate take place in open

THE LETTER OF SECRETARY SHERMAN. AN EXPLANATION OF THE REASONS WHY A CHANGE

WAS TROUGHT NECESSARY-NO ARRAIGNMENT

TREASURY DEPARTMENT, Jan. 15, 1879. The Hon. WILLIAM A. WHUELER, President of the United

Sir: I have the honor, by direction of the President, to transmit to the Senate the inclosed official reports to this Department relating to the planes and irregularities in the New-York Custom House, and hearmg upon the nominations pending in the " mate of Edwin A. Merritt, for Collector of Castoms at the Port of New York, in place of Chester A. Arthur, suspended; and of Sdas W. Bart as Naval Officer at that port in place of Alonzo B. Cornell, suspended. I beg to add a fuller statement of the

causes that led to these nominations and suspensions than appears upon the public record.

The management of the Customs Service has for several years been open to much criticism in Coursess, in the press, and in popular and business circles, founded upon alleged. arbitrary abuses by the officers, and open undervalua-tion and frauds. When I entered this office, I determined to make a full examination into these a legations, and into the existing methods of conducting the customs business, with a view to economy and reform, not only as New-York, but at every other port of the United States.

The President took great interest in the matter, and heartly supported the measure proposed. The examina-tions were made mostly by committees of private citigens, and resulted in a large saving and many reforms

Naturally the Port of New-York, where about 70 per cent of the duties on customs is collected, attracted the chief interest. It appears that for a seriesof years from 1872, the receipts from customs at that port have constantly diminished, while the expenditures have, with the exception of but a single year, steadily increased, as is shown by

\$148.381,446 \$1,001,044 126.821,90 2,373,305 10,072.0.2 2,406,192 106,000,20 2,008,150 101,745,268 2,516,309 91,000,90 2,500,200 Note -in 1976 there was a reduction of 10 per cent of all salaries.

The Jay Commission, consisting of two eminent citizens of New York and an officer of the bepartment of Justice, whose official duty brought him into active con-nection with the collection of customs, have made a very full and elaborate examination of the methods of the busi ness in the Custom House at that port, and their reports, copies of which I have the honor to send you, show great ouses. It appears from their first report that in May, 1877, there were in the Collector's office 923 persons, in the Navai office eighty-one persons, and in the Surveyor's office thirty-two, making in all 1,036 permanent employés in the Custom House CINCINNAT, Jan. 27.—Benjamin Krumpleman and John Cowley, aged thirden and Jourteen, were drewned in the river at the toot of Russell-st. Covington, Kr., vesterday, by the upsetting of a skiff through collision with a cosi barke. exclusive of the Appraiser's Department, consisting of deputies, cierks, inspectors, weighers and gaugers; and that this number could be safely reduced 20 per cent. by Collector Arthur, who stated that a reducmade in dail times without injury to the efficiency of the system and to the business of the merchants. standing this opposition the reduction was substantially carried into effect by my order, making an annual saving of \$235,298, and increasing the efficiency of the ser-

BRIBES AND SINECURES.

The second report shows that it was a common practice among entry clerks, weighers, gaugers, inspectors and storekeepers to receive from importers and brokers irregular fees, emoluments, gratuities and perquisites in the nature of bribes. This practice was a matter of general notoriety in the Custom House, and it does not appear that any effort was made by the Collector, Naval Odicer, or Sur veyor to suppress it. The remedy suggested for this evil by a commission, so far as it relates to entry clerks, was that entries should be taken entirely in charge by